

ATTACHMENT A

**STATEMENT OF FACTS
LAWRENCE FABRICATING COMPANY, INC
MICHAEL D. OCHADLEUS**

Defendant Michael D. Ochadleus, is the sole owner/operator of Lawrence Fabricating Company, Inc, Smiths Creek, MI. Lawrence Fabricating is a Department of Defense (DOD) contractor who sold and supplied a variety of military automotive type parts to the DOD.

The DOD, through the Defense Logistics Agency (DLA) buying center the Defense Supply Center Columbus (DSCC), Columbus, OH, within the Southern District of Ohio, issues purchase orders to companies for the supply of various items to be used by members of the United States military. The DOD requires these parts to conform to Government specifications. The companies invoice the DOD through the Defense Finance and Accounting Service (DFAS), Columbus, OH, within the Southern District of Ohio, representing the parts they shipped conform to all Government specifications. Based on the invoices submitted, DFAS issues payment electronically to the company's bank account.

With respect to the course of conduct identified in the indictment, plea agreement, and the relevant conduct related thereto, during 2006 through 2007, the DOD, through DSCC issued purchase orders to Lawrence Fabricating for a variety of automotive type parts used on various military vehicles and tanks. The parts were required to meet the specified military drawings and specifications. Many of these parts are considered critical application items. A critical application item is defined as an item essential to weapon system performance or operation, or the preservation of life or safety of operating personnel, as determined by military services.

Defendant Michael Ochadleus through Lawrence Fabricating knowingly and intentionally supplied non-conforming items to the DOD through purchase orders issued by DSCC and electronically submitted invoices for payment to DFAS, Columbus, OH and was paid by electronic transmission of funds from DFAS Columbus, OH to his bank account in Michigan. These purchase orders totaled \$90,010.79.

During the time period 2005 through 2007, Defendant Michael Ochadleus through Lawrence Fabricating knowingly and intentionally supplied non-conforming items to two other DOD contractors, knowing the parts were to be supplied to the DoD. Defendant Michael Ochadleus, served as a subcontractor and provided non-conforming parts to two prime contractors. These two prime contractors received false certificates of conformance signed by defendant Michael Ochadleus certifying the parts met all the DoD drawings and specifications, when in fact the parts did not meet said specifications. Based on the certificates of conformance from defendant Michael Ochadleus, the two contractors invoiced DFAS and were paid by DoD. The Government represents that these purchase orders totaled \$83,079.68, as the amount paid to the two contractors by DFAS.

The non-conformances included dimensional defects; parts not made from the required material; parts not heat treated as required; parts with the correct finish not applied or applied incorrectly; unauthorized welding and/or welding not done properly; parts not plated as required; and overall poor workmanship (sharp edges and burrs remaining on parts). Defendant Michael Ochadleus instructed his secretary to alter documents, such as heat treat certifications, material certifications, purchase orders, and packing slips. The altered documents were then submitted to the DoD or had the potential to be

reviewed by the DoD inspector, in an attempt to cover up the non-conformances. The altered documents stated that work had been performed as required on the parts, when in fact it had not been done.

In all counts of the indictment and in all the contracts listed in attachment "B" hereto, including the instances where Defendant Michael Ochadleus served as a subcontractor, the purchase order required the parts to be manufactured in accordance with the listed DOD drawings and specifications. The Government represents the amounts listed for the purchase orders issued to the two prime contractors, in which Defendant Michael Ochadleus acted as the sub-contractor were the amounts paid to these two prime contractors; as well as all test costs associated with the parts supplied directly from Defendant Michael Ochadleus and through the two prime contractors are listed in attachment "B"; however have not been admitted to or denied by the Defendant Michael Ochadleus.

On or about the approximate dates identified in each of the contracts on the attached list, Michael Ochadleus supplied parts to the DOD, or supplied parts to another DoD contractor, knowing the parts failed to conform to the purchase order drawings and specifications. On or about the dates identified in each of the Counts 1-4 Michael Ochadleus submitted an invoice to the DOD representing that the parts he had supplied complied with the purchase order specifications. For all the contracts listed in attachment "B" hereto, defendant knew that a contractor or his own company would be submitting an invoice to the DOD representing that the parts he had supplied complied with the purchase order specifications, when in fact the parts failed to conform.

As to Count 1, on or about April 21, 2007, Michael Ochadleus, through Lawrence Fabricating, was issued DSCL purchase order SPM7L3-07-M-1694, in the amount of \$5,742, for 58 vehicular brackets, NSN 2590-01-386-4563, used on the AAV7A1 amphibious assault vehicles. On or about August 16, 2007, in the Southern District of Ohio, Michael Ochadleus knowingly caused to be transmitted by wire, in interstate commerce, electronic transfers of funds in the amount of \$5,742 from DFAS, Columbus, Ohio, to a bank account controlled by him in the State of Michigan.

As to Count 2, on or about May 7, 2007, Michael Ochadleus through Lawrence Fabricating was issued DSCL purchase order SPM7L2-07-M-3638, in the amount of \$5,304, for 408 slip ring anchor arms, NSN 2590-01-418-9898, a critical application item used on the AAV7A1 amphibious assault vehicle. On or about the June 21, 2007, in the Southern District of Ohio, Michael Ochadleus knowingly caused to be transmitted by wire, in interstate commerce, electronic transfers of funds in the amount of \$5,304 from DFAS, Columbus, Ohio, to an account controlled by him in the State of Michigan.

As to Count 3, on or about July 23, 2007, Michael Ochadleus, through Lawrence Fabricating, was issued DSCL purchase order SPM7L2-07-M-5009, in the amount of \$7,740, for 258 assembly retainers, NSN 2540-00-740-4650, used on the M88 Tank Recovery vehicles. On or about December 6, 2007, in the Southern District of Ohio, Michael Ochadleus knowingly caused to be transmitted by wire, in interstate commerce, electronic transfers of funds in the amount of \$7,740 from DFAS, Columbus, Ohio, to an account controlled by him in the State of Michigan.

As to Count 4, on or about September 14, 2007, Michael Ochadleus, through Lawrence Fabricating, was issued DSCL purchase order SPM7L1-07-M-2205, in the amount of \$2,968, for 106 air intake cleaner supports, NSN 2540-01-248-8876, used on the M113A1 vehicles. On or about January 17, 2008, in the Southern District of Ohio, Michael Ochadleus knowingly caused to be transmitted by wire, in interstate commerce, electronic transfers of funds in the amount of \$2,968 from DFAS, Columbus, Ohio, to a bank account controlled by him in the State of Michigan.